



JUN - 4 2004

American Public Power Association

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June 3, 2004

Mayor Steven Padilla
City of Chula Vista
276 Fourth Ave.
Chula Vista, CA 91910

Dear Mayor Padilla:

Thank you for forwarding to APPA the information on the City of Chula Vista's municipal electric utility analysis. Public power is a viable alternative for communities currently being served by private power companies. Frequently, and in many cases successfully, private power companies work to prevent even the examination of the public power option by local elected officials. I commend you and your colleagues for undertaking this evaluation. The ultimate benefits for your community could be substantial.

American Public Power Association (APPA) is the national service organization representing the interests of the nation's locally owned and controlled public power systems. Over 40 million American citizens in 2,000 communities are served by locally owned, not-for-profit public power utilities. I'm sure you are familiar with two of the largest public power systems in the Country, Los Angeles Department of Water and Power and the Sacramento Municipal Utility District. Other large cities, including Seattle, Tacoma, San Antonio, Austin, Orlando and Jacksonville also own their own electric utilities. Most public power systems, however, are located in small to medium size cities and towns throughout the country.

Public power's characteristics – local control, not-for-profit operations, low rates and reliable service, and financial stability – constitute a business model that has worked well for more than a century, and continues to work well in communities across the nation today.

Public power communities have local control over how electricity is provided to homes and businesses. Local control and not-for-profit operation of the electric system result in lower rates and higher quality electric service. In addition, local control provides local citizens opportunities to affect utility policies. Decisions are made locally through citizen participation instead of being made in a distant city by people who don't understand local issues and who are primarily focused on profits, not service. Further, the not-for-profit nature of public power utilities also ensures that decisions will be made in the public interest. In the midst of recent financial scandals in the energy business, the local control distinction between public power and investor-owned systems may never be more clear than it is today.

Chula Vista's approach, while different than that examined by other communities considering the public power option, is entirely consistent with the local control nature of public power. You are considering a novel solution that works best for Chula Vista's present and future electricity needs. We applaud your innovation and look forward to working with you.

Creating a new public power utility is not an easy task, made all the more difficult because those who oppose public power find it convenient to distort the facts. While APPA's primary mission is to serve the immediate needs of its existing members, we are able to provide limited assistance to community leaders, such as yourself, who have decided to explore the public power option.

I wish you the best as you examine the benefits public power can bring to your community.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan H. Richardson". The signature is fluid and cursive, with the first name "Alan" being the most prominent.

Alan H. Richardson
President & CEO

AHR/US/ln